

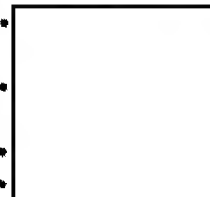
17 September 1953

The Honorable Joseph M. Dodge
The Director
Bureau of the Budget
Washington 25, D. C.

Dear Mr. Dodge:

As a result of the severe curtailment in its resources, the Department of State has felt itself obliged to reorganize its Foreign Service Operations in such a way as to eliminate the following posts:

Publication Procurement Officer
Publication Procurement Officer and
Geographic Attache (one individual)
Geographic Attache for Middle East and
South Asia
Geographic Attache for Latin America



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The intelligence agencies are the primary customers of the service rendered by these officers who procure essential publications, documents, maps, and other geophysical data essential to our world-wide intelligence program. At the meeting this week of the IAC, representing all the intelligence agencies, concern was expressed at the damage that might be suffered if these activities were terminated, and the sense of the meeting was that I, as Director of Central Intelligence, should do what I could to support continuation of them.

This Agency has long supported intelligence activities of the Department of State such as producing National Intelligence Surveys or extra travel required by its collection offices. Though the Department of State should normally be expected to budget for overt collection posts, the circumstances this year present an unusual problem. I believe that the situation above outlined constitutes a special instance in which it is my responsibility as Director of Central Intelligence to take remedial action by supplying the necessary funds so that these essential collection activities may continue. The amount involved is approximately \$60,000 on an annual basis and this amount is covered by our congressional appropriation though it may well have to be

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taken from activities which we regard as important though not as important as this basic collection one.

I request your approval, in principle, of the above action. A detailed proposal will be submitted by administrative officers of this Agency and the Department of State as soon as they can be drafted.

Sincerely,

[SIGNED

Allen W. Dulles
Director

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17 Sept 50 -

Orig. handed to Mr. Dodge
By Mr. Dulles this date at
The White House.

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CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

MEMORANDUM FOR: Director of the Budget

SUBJECT : Action to Preserve Certain Essential Intelligence Activities of the Department of State

1. As a result of the severe curtailment in its resources, the Department of State has felt itself obliged to reorganize its Foreign Service Operations in such a way as to eliminate the following posts:

- a. Publication Procurement Officer
- b. Publication Procurement Officer -- Geographic Attache (one individual) --
- c. Geographic Attache for Middle East and South Asia --
- d. Geographic Attache for Latin America --

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2. The intelligence agencies are the primary customers of the service rendered by these officers who procure essential publications, documents, maps and other geophysical data essential to our world-wide intelligence program. At the meeting this week of the IAC, representing all the intelligence agencies, concern was expressed at the damage that might be suffered if these activities were terminated, and the sense of the meeting was that I, as Director of Central Intelligence, should do what I could to support continuation of them.

3. This agency has long supported intelligence activities of the Department of State such as producing National Intelligence Surveys or extra travel required by its collection offices. Though the Department of State should normally be expected to budget for overt collection posts, the circumstances this year present an unusual problem. I believe the situation above outlined constitutes a special instance in which it is my responsibility, as Director of Central Intelligence, to take remedial action by supplying the necessary funds so that these essential collection activities may continue. The amount involved is approximately \$60,000 on an annual basis, and this amount is covered by our congressional appropriation though it may well have to be taken from activities which we regard as important though not as important as this basic collection one.

4. I request your approval, in principle, of the above action. A detailed proposal will be submitted by administrative officers of this agency and the Department of State as soon as they can be drafted.

Allen W. Jones
Director

MEMORANDUM FOR: MR. DOUGLES

The attached letter to Mr. Dodge is identical to the memorandum you signed this morning. I agree that the Director has the responsibility to take some action to plug the intelligence gap which is about to be created through the loss of these functions in the Department of State. If you are satisfied that the best method of plugging this gap is to supply \$60,000 to the Department of State, and I have no other alternative to suggest, I concur in this action. I would urge, however, that this be considered a very special case for this fiscal year only, and not a permanent commitment.

Recommend signature.

L. K. WHITE
17 September 1953
(DATE)

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FORM NO. 10.101 JAN 1952

(47)

MEMORANDUM FOR: Mr. Dodge -

Your notes and the Memo for
Mr. Dodge -

I have your Briefing Notes and
the NSC Book -

JH

17 Sept 53
(DATE)

FORM NO. 10.101 JAN 1952

(47)

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C O P Y

EXECUTIVE OFFICE OF THE PRESIDENT

Bureau of the Budget
Washington 25, D. C.

July 30, 1953

My dear Mr. Dulles:

Section 1313 of H.R. 6200 "Making supplemental appropriations for the fiscal year ending June 30, 1954, and for other purposes" as reported to the Senate (section 1213 as passed by the House) provides as follows:

"Sec. 1313. Pursuant to section 1415 of the Act of July 15, 1952 (66 Stat. 662), foreign credits (including currencies) owed to or owned by the United States may be used by Federal agencies for any purpose for which appropriations are made for the current fiscal year (including the carrying out of Acts requiring or authorizing the use of such credits), only when reimbursement therefor is made to the Treasury from the applicable appropriations of the agency concerned: Provided, That such credits may be used until June 30, 1954, without reimbursement to the Treasury, for liquidation of obligations legally incurred against such credits prior to July 1, 1953: Provided further, That such credits received as exchange allowances or proceeds of sales of personal property may be used in whole or part payment for acquisition of similar items, to the extent and in the manner authorized by law, without reimbursement to the Treasury."

Page 45 of the House Appropriation Committee Report (No. 762) on this bill, contains the following statement with respect to this section:

"Sec. 1213 authorizes the use of appropriated funds to purchase foreign credits owed to or owned by the United States, as required by Section 1415 of Public Law 547, 82nd Congress. The Committee expects that the Treasury Department, the General Accounting Office, and the Bureau of the Budget will take appropriate administrative action in their respective fields to insure that custody, control, reporting, purchase, sale and accountability of foreign currencies and

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credits will be handled in accordance with the principles outlined in the Budget Bureau's January report to the Committee on this subject. "

Enclosed herewith is a copy of a tentative draft of Executive Order suggested by the Secretary of the Treasury providing for the issuance by the Secretary of regulations governing the acquisition, custody, and disposition of foreign exchange by the United States.

The Director of the Bureau of the Budget will appreciate having an expression of your views with respect to the proposed order not later than Monday, August 10, 1953.

Sincerely yours,

(Signed) Roger W. Jones

Assistant Director for
Legislative Reference

Honorable Allen W. Dulles
Director, Central Intelligence
Agency
Washington 25, D. C.

Attention:

Mr. Walter L. Pforzheimer
Legislative Counsel
Rm. 317, South Bldg.
2430 E St., N. W.
Washington 25, D. C.

Enclosure

C O P Y

EXECUTIVE ORDER

PROVIDING FOR THE ISSUANCE OF REGULATIONS
GOVERNING THE ACQUISITION, CUSTODY, AND
DISPOSITION OF FOREIGN EXCHANGE BY THE
UNITED STATES

By virtue of the authority vested in me as President of the United States, it is hereby ordered as follows:

1. The acquisition, custody, and disposition of foreign exchange by or under the control of the United States shall be administered under regulations issued by the Secretary of the Treasury.

2. Except as may be authorized by the Secretary of the Treasury, no executive department or agency of the United States shall purchase any foreign exchange from any source outside the Government of the United States other than to the extent that appropriate foreign exchange is not available for purchase from within the Government of the United States under regulations issued pursuant to Section 1 hereof.

THE WHITE HOUSE

July , 1953

Executive Registry

4-4271

Handwritten signature
Mr. Roger W. Jones
Assistant Director
Legislative Reference
Bureau of the Budget
Washington 25, D. C.

Dear Mr. Jones

With your letter of July 30, 1953 you forwarded a proposed Executive Order concerning regulations on foreign exchange. I am happy to give you the views of this Agency with respect to this Order.

The Central Intelligence Agency Act of 1949 granted this Agency authority to exchange funds without regard to Section 3091 of the Revised Statutes (31 U.S.C. 543). This authority was granted for the specific purpose of enabling this Agency to perform currency transactions necessary to the support of its functions without impairing the secrecy of those functions. In addition, Section 10 of the Central Intelligence Agency Act of 1949 provides that notwithstanding any other provision of law, sums made available to the Agency by appropriation or otherwise may be expended for purposes necessary to carry out its functions, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified. Again the intent of Congress was to protect the essential secrecy of certain financial transactions.

In our opinion nothing in the proposed Executive Order will affect or impair the statutory provisions referred to above which are so vital to the proper performance of this Agency's functions. If there is any question as to whether the proposed Executive Order or regulations issued thereunder may be in conflict with the statutory authorities and security requirements of this Agency, we would appreciate notification and an opportunity to discuss the matter with representatives of the interested departments and agencies, as we are sure that a satisfactory solution could be reached. If there is no question of a conflict of interests, the proposed Executive Order is acceptable to this Agency as drafted.

Sincerely yours,

OGC:LRH:jeb

cc: DCI (2) ✓

DD/P

DD/I

A-DD/A

Admin Files

Allen W. Dulles
Director

*Official
file*

Bureau of Budget

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